

DSS Procurement Review December 2002 Status Report

This Status Report was provided to the Procurement Review Advisory Group and is being posted on the DSS Website. We encourage readers to share comments and feedback with us via the Website.

Project Start-Up

The Procurement Review formally began on September 19th, with the first Workgroup meeting. At this kick-off meeting, members were assigned to one of three subcommittees (see attached list). Prior to the meeting, each member received a notebook of materials about the Department's purchase-of-service system and its vision for family-centered case practice. Materials continue to be created and provided to subcommittees based on their needs and to support their analyses.

Because the Workgroup's review is time-limited (to six months), each subcommittee is meeting two to three times each month. Each subcommittee has selected a convener who is responsible for setting agendas, coordinating reports back to the Workgroup, and generally helping the group stay on track. The Workgroup met a second time on November 14 to share preliminary discussions and expected deliverables. It will meet again in January, February, and March for subcommittee presentations and discussion of findings and recommendations. A final draft report will be available for wide review and comment in March 2003 before submission to the Commissioner.

There has been a great deal of interest within the provider community. In order to facilitate broad communication and feedback, we established a 'procurement review' page on the DSS Website.

Workgroup Subcommittees

The first challenge of the Review was organizing the focus and work of the Workgroup so that we are asking the right questions to move forward DSS' POS system. We are mindful that DSS has implemented some innovative program models over the years to make important advances in how DSS purchases services. Unlike previous program reviews that produced these innovations, the focus of this Review is not program specific, but rather on DSS' entire service system. We are mindful also of several previous reform initiatives conducted by taskforces led by oversight agencies. These efforts have generally focused on the business aspects of the procurement system (e.g., pricing policy, contracting processes, etc), the health or fragility of the provider community, and the Commonwealth's capacity to manage an effective and efficient system throughout the human service agencies. Some recommendations were implemented; others have never been acted on. Many of the members of our Workgroup (both providers and Department staff) have participated in previous reform initiatives or at a minimum been affected by

the reform initiatives. We are fortunate to have that experience in helping ensure that our effort builds on rather than reproduces what has already been done, or is being done, by others.

In designing our work, we recognized that DSS' Review is different from other reform efforts in a crucial way: it is being conducted by a line purchasing agency. Whereas oversight agencies can and do (and rightly so) focus on the business of purchasing services, DSS brings to its analysis its responsibility for working with families to protect children. It is at the line agency level that client strengths and needs are assessed, cases are managed, goals are identified, and outcomes are monitored. It is line agencies, in partnership with families and other stakeholders, that have the knowledge and capacity to determine the right services to purchase – not simply the right way to purchase them. Thus, our Review focuses on the services DSS buys / should buy and how DSS manages its purchased services in addition to the business of service procurement. The work of the three subcommittees necessarily overlaps in focus and informs each other's work. That said, it is the service content of a local system-of-care that forms the starting point in our analysis.

System-of-Care Subcommittee

DSS has partnered with community-based providers to care for children and families for many years. However, systemic barriers remain to creating integrated systems of care at the local level. Disconnections exist organizationally: some services are purchased by Area Offices, some by Regional Offices, and others by Central Office. Disconnections also exist across management systems in that procurement is often viewed as an “administration and finance” function, separate from case management, service planning and utilization, quality assurance, etc. Disconnections exist programmatically: some programs that should be integrated are purchased separately and funded through separate appropriations (e.g. residential and family-based services). Disconnections exist at a consumer level: consumers needing the same services are referred to different programs (e.g. Commonworks and Residential Autho). The manner for creating connections and integrating services is not merely a matter of correcting current gaps. This subcommittee's charge is to complete a forward-looking analysis that is guided by the Department's vision for family-centered practice.

This subcommittee is focusing its work on the content of a local system-of-care, asking the following key questions.

- What services should be purchased and how should they be purchased in order to create a local system-of-care? The subcommittee began its work by discussing the principles that govern the creation and management of a system-of-care. It is now in the process of applying these guiding principles to the flow of a case from screening, to intake, investigation, ongoing case management, and finally case closure. Doing so helps articulate the dynamic nature of the Department's work with families and the parallel manner in which the services DSS purchases must be equally dynamic.

- The subcommittee will use this analytic framework to assess the strengths and weaknesses of the Department's current service system and to design a change strategy that addresses the following questions. How can the current default 'system' of Residential Autho, Commonworks, Family-Based Services Networks, Contracted Foster Care, and other contracted services be combined and/or coordinated through the procurement system to create a real, integrated, local system-of-care? How can the services DSS purchases directly be integrated with those purchased by other human services agencies (e.g. MBHP, DMH, OCCS, DPH)? How can the services DSS purchases directly be integrated with those that form the family's own natural support system? Should the "open referral" services DSS purchases for non-DSS consumers remain outside the system-of-care or be redesigned to be integrated?
- Members of the subcommittee are also meeting with a sample of parent and youth groups to begin to obtain input to guide the group's deliberations. The subcommittee believes strongly in the central role of families and is exploring how to partner with families to identify existing kin and community supports, understand service needs and goals, and continually advance the system-of-care to be family-centered. How can the partnership that DSS has had with its contracted providers be opened up to include families with equal standing and accountability?

Management / Organizational Design Subcommittee

Typically, discussions about service procurement focus on the programmatic and business content of the RFR. Implementation and management of services once they are purchased usually receive less attention. This subcommittee is focusing on the management responsibilities throughout the agency required to support local systems-of-care. What procurement-related functions / responsibilities should be located at the Area, Regional, and Central Office level to ensure success? What type and level of management responsibilities should providers have?

This subcommittee has analyzed the organizational lines of contract management responsibility, communication, and internal reporting relationships, which vary across the major program areas. The group is now exploring the best way to establish organizational consistency in a manner that empowers the local Area Offices. DSS has a strong centralized A&F function (unlike DMH and DMR who have strong regional structures). This subcommittee's challenge is to identify and retain the benefits of centralization while identifying appropriate ways to empower Areas to design, purchase, and manage services to meet local needs.

Business Practices Subcommittee

This subcommittee is focusing on the business practices required to support an effective local system-of-care. It is examining how pricing, performance accountability, and other procurement policies and practices affect the development and management of a local

system-of-care. This subcommittee's areas of interest most overlap those of previous POS reform analyses / efforts. This overlap provides both a strong base of knowledge and a challenge to move their discussion beyond previous ones.

Thus far the subcommittee has discussed in depth pricing practices at DSS, the range of outside influences on pricing, and the impact on providers and service delivery. The group is examining a range of pricing and accountability models, including those used by DSS, by sister human service agencies, and by child welfare agencies in other states. The expected outcome of this step in their review is identifying the best components of each approach and how these components support the principles they identify as important for guiding pricing and performance policy. They will then apply their analysis to the recommendations of the first subcommittee, with the expected outcome that they will have identified the best business approaches for supporting local systems-of-care.

Emerging Themes

Although it is early, there are some important themes emerging from the subcommittees' deliberations.

- There is currently a misalignment of authority, accountability, and capacity across the organizational levels at DSS. Both the system-of-care and the management subcommittees have identified this problem and are exploring how best to realign these responsibilities. They are most concerned with the lack of authority located at the Area Office level to determine service content of local systems as well as to hold providers accountable for outcomes. There is a belief that the roles of Regional Offices and Central Office units should be defined in a manner that enhances the work of the Area Offices.
- Generally speaking, family services are not provided early enough in the Department's involvement with families. The services that are provided during crucial early days tend to be out-of-home placement to ensure the physical safety of a child. However, earlier engagement of the entire family in addressing all of its needs might reduce the length of involvement with DSS while still ensuring a child's safety and well-being. Access to services must be timely, and services and providers must be responsive to families in crisis. Services should also build on the family's own system-of-care, when present, and/or connect the family to non-DSS funded community supports.
- Best value, defined as spending the right amount of money at the right time for the right service, should guide pricing and spending decisions. The procurement system should not be used to cap expenditures by establishing rates that do not fully reimburse providers for the cost of services. The business practice subcommittee has identified most directly issues with pricing policy. The system-of-care subcommittee comes at the issue differently - as one of resource allocation. This approach recognizes that the number of consumers served, the level of care, when the service is

provided, and the number of units provided (i.e., the length of stay in a program) drive expenditures at least as much, if not more than, the rates paid. In fact, paying fair rates to support quality services might result in improvements in the other factors that drive expenditures. The business practice subcommittee is exploring innovative rate models that create financial incentives for providers to achieve outcomes.

- The subcommittees acknowledge that there is a lack of a continuous learning and quality improvement system and believe that creating and managing one is critical to ensuring an effective procurement system. The current procurement process is too linear and static, ending at the time of contract negotiation and execution. The Department is currently engaged in a separate, parallel initiative to design an effective continuous quality improvement system. The Procurement Review Workgroup will build on and contribute to this discussion to ensure that purchased services are included in continuous quality improvement system.

Opportunities As We Move Forward

As noted above, DSS believes that conducting a comprehensive procurement review at the level of a line agency offers important opportunities. Similarly, the current fiscal challenges facing the Commonwealth offer important opportunities (while at the same time being a source of great concern). We believe that the Workgroup's comprehensive review will create not only important recommendations for the future conduct of the Department's procurement work and case practice, but also important understanding for policy-makers concerned about providing quality services that produce real outcomes given the pressures on state finances. The taskforces and reports of the past have focused on the business of procurement, without the benefit of incorporating program design and service delivery innovations. As a line agency responsible for consumer outcomes, DSS can include in its procurement review the related management responsibilities of designing appropriate programs (singly or in partnership with sister agencies), managing service access and utilization, and holding itself and its contracted provider accountable for achieving outcomes. Placing the procurement system in this context expands the range of options and opportunities for developing innovative solutions for protecting children.

Attachment: Subcommittee Membership

System-of-Care Subcommittee

Fran Wilson, Executive Director (Convener)
Boston Children's Institute, Home for Little Wanderers

Carolyn Burns, Executive Director
Berkshire Center for Families & Children

Brenda Gadson, Executive Director
Roxbury Multi-Service Center

Joe Leavey, Executive Director
Communities for People

Andrea Watson, Project Coordinator
Federation for Children with Special Needs,
Parents for Residential Reform

Rick Small, Executive Director
The Walker School

Ray Burke, DSS Pittsfield Area Director

Bob Wentworth, DSS Director of Residential and Adolescent Services

Susan Getman, DSS Deputy Commissioner for Field Operations

Neal Michaels, DSS Director of Family Based Services

Management / Organizational Design Subcommittee

Susan Wayne, Executive Director (Co-Convener)
Justice Resource Institute

William Rodriguez, Executive Director (Co-Convener)
La Alianza Hispana

Eleanor Dowd, DSS Metro Regional Director

Ellen Finnegan, DSS Director of Financial Management

Bill Geary, DSS FamilyNet

Olga Roche, DSS Worcester Area Director

Carol Mattina
Parent/Professional Advocacy League

Bill LaPierre
Foster Parent Association

Cheryl Haddad
Foster Parent Association

Business Practice Subcommittee

Betsy Loughran, Executive Director (Convener)
Center for Human Development

Jim Major, Executive Director
Massachusetts Association of Approved 766 Private Schools (MAAPS)

Richard Richardson, Executive Director
Children's Services of Roxbury

Michael Weekes, Executive Director
Massachusetts Providers Council

Dana Roszkiewicz, Executive Director
Kennedy-Donovan Center

Greg Torres, President
Mentor, Inc.

Maureen Jerz
Parent/Professional Advocacy League

Terry Flynn, DSS Boston Regional Director

Bob Guinto, DSS Director of Procurement